INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC LIMITED

Report on the audit of the Standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of IDFC Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss(including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of profit and other comprehensive income),changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

4. We draw your attention to Note 44 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. As mentioned in the note, necessary adjustment were made by the management to the financial statements consequent to the impact of the outbreak of Covid-19, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">KEY AUDIT MATTER</th></tr>
<tr>
<td>Impairment assessment on the Investment carried at cost

(Refer to note 7 to the financial statements.)

The Company has gross Investments aggregating to Rs. 9,326.99 crores in subsidiaries, and associates and the associated impairment allowances aggregated to Rs. 95.67 crores which are significant to the financial statements.

Impairment allowances represent management's estimate within the investment portfolios at the balance sheet date and are inherently judgmental.

The impairment assessment under Ind-AS 36'Impairment of Assets' requires an assessment of the investment basis various parameters including but not limited to the net worth of the underlying investments, significant change in the economic environment and basis other internal and external information which may affect adversely to these investments in subsidiaries and associates. Each assessment is subject to (significant) judgement and estimation uncertainty e.g. future level of business at the subsidiaries and associates.

Given the inherent subjectivity in the assessment of the above investments, identifying triggering events for impairment and performing impairment testing involves significant judgement, and given the combined magnitude of the assets at risk, we determined this to be a key audit matter.</td>
<td>The audit procedures performed by us to check the impairment allowance on investments include the following:

● We understood and tested design and operating effectiveness of the key controls over –
♦ the Management assessment of triggers for impairment assessment;
♦ the completeness and accuracy of source data used by the Management in the impairment allowance computation.
♦ review of impairment allowance computations for its reasonableness by the management.
● We, evaluated and validated various parameters considered by the Management for assessment of impairment allowance.
● We also checked the completeness and accuracy of source data used.
● We recomputed the impairment allowance for the investments across the portfolio, to ensure arithmetical accuracy and compliance with the requirements of related accounting standard (Ind AS 36).
● We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements.

Based on the procedures performed above, the provision for impairment as recognized by the management in standalone financial statements is considered to be reasonable.</td>
</tr>
</table>

Other Information

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Reasonability Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and the reports of the other auditors as furnished to us, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management for the financial statements

7. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

8. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements

regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 16 to the financial statements, the Company does not have any derivative contracts;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.

16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements for the year ended March 31, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of IDFC Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.(Also refer paragraph 4 of the main audit report).

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of IDFC Limited on the standalone financial statements as of and for the year ended March 31, 2020

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable properties as disclosed in Note 10on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.

ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 of the Act. Therefore, the provisions of Section 185 are not applicable to the Company. The Company is registered as a Non – Banking Financial Company – Investment Company with the Reserve Bank of India. Thus, the provisions of Section 186 except sub-section (1) of the Act is not applicable to the Company. In our opinion and according to the information and explanations given to us, during the year, the Company has not made any investments through more than two layers of the investment companies as mentioned in sub- section (1) of Section 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period March 1, 2020 to March 31, 2020, the company has paid Goods and Service Tax and filed GSTR 1 after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the 35/2020 – Central tax dated April 03, 2020 on fulfilment of conditions specified therein.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of goods and service tax which have not been deposited on account of any dispute. The particulars of income-tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Income Tax	15,341,651	FY 2018-2019	Commissioner of Income tax appeals

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

Also refer paragraph 16 of our main audit report

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as Systemically Important Non-deposit Accepting or Holding Non-Banking Financial Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E-300009

Russell I. Parera
Partner
Membership Number: 42190
UDIN: 20042190AAAABT7666

Place: Mumbai
Date: June 25, 2020

BALANCE SHEET

AS AT MARCH 31, 2020

(Rs. in crore)

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
Cash and cash equivalents	3	0.69	0.54
Bank balances other than cash and cash equivalents above	4	1.48	2.13
Receivables			
(i) Trade receivables	5	-	-
(ii) Other receivables	6	0.02	2.94
Investments	7	9,285.96	9,722.44
Other financial assets	8	0.37	2.87
Non-financial assets			
Income tax asset (net)	9	3.03	37.56
Property, plant and equipment	10	38.15	51.93
Other non-financial assets	11	2.18	0.30
Total assets		9,331.88	9,820.71
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Payables			
(I) Trade payables	12		
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		1.58	2.40
Other financial liabilities	13	43.12	5.83
Non-financial Liabilities			
Income tax liabilities (net)	14	1.21	1.03
Deferred tax liabilities (net)	15	7.14	8.83
Provisions	16	22.69	22.84
Other non-financial liabilities	17	0.58	1.04
EQUITY			
Equity share capital	18A	1,596.36	1,596.36
Other equity	18B	7,659.20	8,182.38
Total liabilities and equity		9,331.88	9,820.71

See accompanying notes to the standalone financial statements

This is the standalone balance sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS			
Interest income	19	1.96	18.85
Dividend income		103.88	121.05
Fees income		0.01	0.11
Net gain / (loss) on fair value changes	20	46.72	17.69
Total revenue from operations		152.57	157.70
Other income	21	11.53	11.49
Total income		164.10	169.19
EXPENSES			
Finance costs	22	0.85	-
Impairment on financial instruments	23	8.33	8.95
Employee benefit expenses	24	14.52	21.68
Depreciation, amortisation and impairment	10	13.80	5.17
Impairment on investment in subsidiaries	7	-	12.98
Impairment on investment in associate	7	35.62	-
Others expenses	25	14.10	12.17
Total expenses		87.22	60.95
Profit/(loss) before tax		76.88	108.24
Income tax expense:	26		
- Current tax		14.34	20.24
- Deferred tax		(1.68)	(10.71)
- Tax adjustment on earlier years		0.04	(29.18)
Total tax expense		12.70	(19.65)
Profit / (Loss) from the period		64.18	127.89
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
- Remeasurements of post-employment benefit obligations		0.06	(0.32)
- Income tax relating to these items		(0.02)	0.09
Other comprehensive income, net of tax		0.04	(0.23)
Total comprehensive income for the year		64.22	127.66
Earnings per equity share of Rs. 10 each	30		
- Basic (Rs.)		0.40	0.80
- Diluted (Rs.)		0.40	0.80

See accompanying notes to the standalone financial statements

This is the standalone statement of profit and loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
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New Delhi, June 25, 2020

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Mumbai, June 25, 2020

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Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

(Rs. in crore)

	Notes	Number	Amount
As at March 31, 2018	18A	1,596,354,566	1,596.35
Issued during the year		3,750	0.01
As at March 31, 2019		1,596,358,316	1,596.36
Issued during the year	18A	-	-
As at March 31, 2020		1,596,358,316	1,596.36

B. OTHER EQUITY

(Rs. in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2018	18B	2,505.87	3,053.25	957.00	12.43	631.02	1,004.67	8,164.24
Profit for the year		-	-	-	-	-	127.89	127.89
Other comprehensive income		-	-	-	-	-	(0.23)	(0.23)
Total comprehensive income for the year		2,505.87	3,053.25	957.00	12.43	631.02	1,132.33	8,291.90
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	14.60	-	-	14.60
ii) Options granted to the employees of subsidiaries		-	-	-	(1.05)	-	-	(1.05)
iii) Options exercised during the year		0.01	-	-	(0.62)	-	-	(0.61)
iv) Vested options lapsed during the year		-	-	-	(2.74)	-	0.01	(2.73)
- Dividends paid		-	-	-	-	-	(119.73)	(119.73)
- Dividend distribution tax		-	-	-	-	-	-	-
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	26.00	-	-	(26.00)	-
As at March 31, 2019	18B	2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38

STATEMENT OF CHANGES IN EQUITY

B. OTHER EQUITY

(Rs. in crore)

	Notes	Reserves and surplus						Total other equity
		Securities premium	Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	Special reserve u/s. 45-IC of the RBI Act, 1934	Share option outstanding account	General Reserve	Surplus in the statement of profit and loss	
As at March 31, 2019	18B	2,505.88	3,053.25	983.00	22.62	631.02	986.61	8,182.38
Profit for the year		-	-	-	-	-	64.18	64.18
Other comprehensive income for the year		-	-	-	-	-	0.04	0.04
Total comprehensive income for the year		2,505.88	3,053.25	983.00	22.62	631.02	1,050.83	8,246.60
Transactions with owners in their capacity as owners:								
- Share based payments:								
i) Employee stock option expense for the year		-	-	-	1.10	-	-	1.10
ii) Options granted to the employees of subsidiaries		-	-	-	0.02	-	-	0.02
iii) Options exercised during the year		-	-	-	-	-	-	-
iv) Vested options lapsed during the year		-	-	-	(4.62)	-	0.98	(3.64)
- Dividends paid		-	-	-	-	-	(502.85)	(502.85)
- Dividend distribution tax		-	-	-	-	-	(82.03)	(82.03)
- Transfers to:								
i) Special reserve u/s. 45-IC of the RBI Act, 1934		-	-	12.85	-	-	(12.85)	-
As at March 31, 2020	18B	2,505.88	3,053.25	995.85	19.12	631.02	454.08	7,659.20

See accompanying notes to the standalone financial statements

This is the standalone statement of changes in equity referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2020

(Rs. in crore)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES :			
Profit/(Loss) before tax		76.88	108.24
Adjustments :			
Depreciation, amortisation and impairment	10	13.80	5.17
Net (gain) / loss on sale of property, plant and equipments		-	(0.10)
Impairment of financial instruments	23	8.33	8.95
Impairment on investment in subsidiaries / associates	7	35.62	12.98
Fees income		(0.01)	(0.08)
Interest income	19	(1.96)	(18.85)
Interest expense	22	0.85	-
Gain on sale of investments (net)	20	(48.75)	(60.28)
Employee share based payment expense	24	2.99	14.60
Change in fair value of financials assets at FVTPL	20	2.03	42.59
Interest received		3.10	17.37
Provisions for employee benefits		0.04	(0.23)
Operating profit before working capital changes		92.92	130.36
Adjustments for (increase)/ decrease in operating assets:			
Trade receivables	6	(4.91)	(1.82)
Other assets	8	(0.52)	1.45
Bank balances other than cash and cash equivalents	4	0.65	0.08
Adjustments for increase/ (decrease) in operating liabilities			
Trade payables	12	(0.82)	(0.07)
Other liabilities	13	(1.07)	0.51
Cash generated from operations		(6.67)	0.15
Less : Income taxes paid (net of refunds)		20.34	(17.05)
Net cash inflow from operating activities		106.59	113.46
CASH FLOW FROM INVESTING ACTIVITIES :			
Payments for purchase of investment		(540.87)	(1,959.14)
Payments for property, plant and equipments		(0.02)	(0.34)
Proceeds from disposal of property, plant and equipments		-	0.18
Advances given to subsidiary		(0.50)	(27.16)
Advances recovered from subsidiary		-	69.85
ICD taken from subsidiary		37.00	-
Equity infusion in subsidiary		(200.10)	(51.50)
Proceeds from sale of investments		1,182.93	1,973.59
Term deposits placed		(24.89)	(634.95)
Term deposits matured		24.89	634.95
ICD Placed		(1.00)	(392.79)
ICD Matured		1.00	392.79
Net cash inflow / (outflow) from investing activities		478.44	5.48
CASH FLOW FROM FINANCING ACTIVITIES :			
Proceeds from fresh issue of Equity (net of issue expenses)		-	0.01
Dividend paid (including dividend distribution tax)		(584.88)	(119.73)
Net cash (outflow) from financing activities		(584.88)	(119.72)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES		0.15	(0.78)
Add : Cash and cash equivalents at beginning of the year		0.54	1.32
Cash and cash equivalents at end of the year		0.69	0.54

The accompanying notes are integral part of these financial statements.

This is the statement of cash flow referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
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Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

1. BACKGROUND

The Company is IDFC Limited ('the Company') is a public limited company incorporated in India under the provisions of Companies Act, applicable in India and is a Non-Banking Finance Company (NBFC) regulated by the Reserve Bank of India ('RBI'). The registered office of the Company is located 4th Floor, Capitale Tower, 555 Anna Salai, Thiru Vi Ka Kudiyiruppu, Teynampet Chennai – 600018, Tamil Nadu and corporate office located at 906/907, 9th Floor, Embassy Centre, Jamnalal Bajaj Road, Nariman Point, Mumbai – 400021.

Operating as an Infrastructure Finance Company, i.e. financing infrastructure projects in sectors like energy, telecommunication, transportation, commercial and industrial projects including hospital, education, and tourism and hotels upto September 30, 2015. The Company had received in principle approval from the RBI to set up a new private sector bank in April 2014. Since October 1, 2015 the company is operating as NBFC - Investment Company.

1B. NEW AND AMENDED STANDARDS ADOPTED

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing on April 1, 2019:

- Ind AS 116, Leases;
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income taxes

The Company had to change its accounting policies as a result of adopting IND AS 116. This is disclosed in note 45.

2. BASIS OF PREPARATION

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) and contingent consideration is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments – measured at fair value.

(iii) Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 36.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

3. REVENUE RECOGNITION

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

(i) Interest income

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loan. Hence, it recognises the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through interest income in the statement of profit and loss.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and financial assets mandatorily required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

(ii) Brokerage fees income

Revenue recognition from brokerage fees can be divided into the following categories:

a) Brokerage fees – over time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include brokerage fees which is fixed at inception irrespective of number of transaction executed. The revenue for such contracts is recognised over the term of the contract.

b) Brokerage fees – point in time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include brokerage fees which is charged per transaction executed.

(iii) Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

(iv) Revenue from power supply

Revenue from power supply is accounted on accrual basis unless there is any uncertainty relating to its recovery.

4. INCOME TAX

The income tax expense or credit for the period is the tax payable on the taxable income of the current period based on the applicable income tax rates adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

5. GOODS AND SERVICE TAX

Expenses and assets are recognised net of the goods and services tax paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

6. LEASES

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

(i) Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

(ii) Company as a lessor

Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in rental income in the statement of profit or loss, unless the increase is in line with expected general inflation, in which case lease income is recognised based on contractual terms. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

7. FINANCIAL INSTRUMENT

(i) Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customer's account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

(iii) Day 1 gain and loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

(iv) Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- Fair value through other comprehensive income (FVOCI),
- Fair value through profit and loss (FVTPL)

The Company classifies and measures its derivatives (other than those designated in a cash flow hedging relationship) and trading portfolio at FVTPL. The Company may designate financial instruments at FVTPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies.

Financial liabilities, other than loan commitments and financial guarantees, are measured at FVTPL when they are derivative instruments or the fair value designation is applied.

8. FINANCIAL ASSETS AND LIABILITIES

(i) Bank balance, Loans, Trade receivables and financial investment at amortised cost.

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

a) Business model test

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- how the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- the risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- how managers of the business are compensated
- the expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

b) SPPI test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instrument's cash flows represent solely payments of principal and interest (the 'SPPI test').

In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

(ii) Financial assets held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is an evidence of a recent pattern of short-term profit-taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established. Included in this classification investments in mutual fund units, debt securities and equities that have been acquired principally for the purpose of selling or repurchasing in the near term.

(iii) Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

(iv) Debt instruments and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

9. RECLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

10. DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

(i) Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criteria.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(ii) Derecognition of financial assets other than due to substantial modification of terms and conditions

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset, or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass–through’ arrangement

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset,or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset,but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company’s continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

11. IMPAIRMENT OF FINANCIAL ASSET

(i) Overview of the ECL principles

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk.

The ECL allowance is based on the credit losses expected to arise over the life of the asset, unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 35.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2,Stage 3 as described below:

Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12- month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date.

Stage 2includes financial instruments that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk.

Stage 3includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount.

(ii) The calculation of ECLs

The Company calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD: The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the ne4 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.

EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).

Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and lifetime LGD is the percentage of loss expected to be made it the default occurs over the remaining expected lifetime of the loan.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

(iii) Trade receivables and contract assets

For trade receivables only, the Company applies the simplified approach required by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

12. DETERMINATION OF FAIR VALUE

The Company measures certain financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 financial instruments the fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period. This is further explained in Note 34.

13. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

14. PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(i) Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in which case life of asset has been assessed based on the technical advice.

a) Mobile Phone – 2 years b) Motor Cars – 4 years

Depreciation on additions during the year is provided on a pro-rata basis. Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

15. IMPAIRMENT OF NON-FINANCIAL ASSET

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

16. EMPLOYEE BENEFITS

(i) Defined contribution plan

The Company pays provident fund contributions to publicly administered provident funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(ii) Defined benefit plan

The liability or asset recognised in the balance sheet in respect of gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in Rs. is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The estimated future payments which are denominated in a currency other than Rs., are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iii) Compensated absences

Based on the leave rules of the group companies, employees are not permitted to accumulate leave. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss for the year. Short term compensated absences are provided based on estimates of availment / encashment of leaves.

17. PROVISIONS

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

18. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company's primary business segments are reflected based on the principal business carried out, i.e. investing. The risk and returns of the business of the Company is not associated with geographical segmentation, hence there is no secondary segment.

19. FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian rupee (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of ex-change ruling at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to other income/expense in the statement of profit and loss.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

20. SHARE-BASED PAYMENTS

The Company has formulated Employee Stock Option Schemes ('the ESOS') in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the Guidelines'). The ESOS provides for grant of stock options to employees (including employees of subsidiary companies) to acquire equity shares of the Company that vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted under the Value Ind AS Limited Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g., the entity's share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

21. EARING PER SHARE

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

22. ROUNDING OFF

All amounts disclosed in the financial statements and notes have been rounded off to the nearest "crores" as per the requirement of Schedule III, unless otherwise stated.

23. CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceed

24. DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTE 2: SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how Company's of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

2. Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about determination of fair value please see Note 34.

3. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4. Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's internal credit grading model, which assigns PDs to the individual grades
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5. Provision and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

3. CASH AND CASH EQUIVALENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Cash on hand	ß	ß
Balances with banks:		
In current accounts	0.69	0.54
Total	0.69	0.54

i) The Company has not taken bank overdraft, therefore the cash and cash equivalents for the cash flow statement is same as cash and cash equivalents given above.

4. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS ABOVE

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Balances with banks:		
In earmarked accounts		
- unclaimed dividend	1.48	2.13
Total	1.48	2.13

5. TRADE RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	-	-
Receivables - Credit impaired	5.90	6.01
(Less): Impairment loss allowance	(5.90)	(6.01)
Total	-	-

6. OTHER RECEIVABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Receivables considered good - Secured	-	-
Receivables considered good - Unsecured	7.85	2.94
Receivables - Credit impaired	-	-
(Less): Impairment loss allowance	(7.83)	-
Total	0.02	2.94

i) No trade receivables are due from director or other officer of the Company either severally or jointly with any other person.

ii) No trade receivables are due from firms or private companies (including LLPs) in which any director of the Company is a partner, a director or a member.

7. INVESTMENTS

(Rs. in crore)

	At amortised Cost	At fair value through profit and loss	Others*	Total
As at March 31, 2020				
Subsidiaries @	-	-	9,291.37	9,291.37
Associates	-	-	35.62	35.62
Venture capital fund units	-	54.64	-	54.64
Total (A) - Gross	-	54.64	9,326.99	9,381.63
(Less): Impairment loss allowance#	-	-	(95.67)	(95.67)
Total (A) - Net	-	54.64	9,231.32	9,285.96
Investments outside India	-	-	-	-
Investments in India	-	54.64	9,326.99	9,381.63
Total (B) - Gross	-	54.64	9,326.99	9381.63
(Less): Impairment loss allowance#	-	-	(95.67)	(95.67)
Total (B) - Net	-	54.64	9,231.32	9,285.96
As at March 31, 2019				
Subsidiaries	-	-	9,096.79	9,096.79
Associates	-	-	35.62	35.62
Mutual fund units	-	371.20	-	371.20
Alternative investment fund units	-	25.74	-	25.74
Venture capital fund units	-	206.05	-	206.05
Debt securities	-	47.09	-	47.09
Total (A) - Gross	-	650.08	9,132.41	9,782.49
(Less): Impairment loss allowance ^	-	-	(60.05)	(60.05)
Total (A) - Net	-	650.08	9,072.36	9,722.44
Investments outside India	-	-	-	-
Investments in India	-	650.08	9,132.41	9,782.49
Total (B) - Gross	-	650.08	9,132.41	9782.49
(Less): Impairment loss allowance	-	-	(60.05)	(60.05)
Total (B) - Net	-	650.08	9,072.36	9,722.44

* Investment in subsidiaries and associates measured at cost in accordance with Ind AS 27.

@ The Board of Directors of the Company on November 8, 2019 had approved transfer of 100% equity shares of IDFC Alternatives Limited and IDFC Trustee Company Limited held by IDFC Financial Holding Company Limited (wholly owned subsidiary of the Company) at book value to the Company for Rs. 200.05 crore and Rs. 0.05 crore respectively.

The Company has made provision of Rs. 35.62 crore on Novopay Solutions Private Limited (Associate of the Company). Performance of Novopay has lead to substantial erosion of its net worth. Accordingly investment has been completley impaired in current year.

^ IDFC Projects Limited, a wholly owned subsidiary of the Company has suspended its business operations and there are no definitive future business plans for its commercial operations till December 31, 2018, the Company had given loan having value aggregating to Rs. 12.98 crores (net of impairment; Rs. 38.53 crores). Pursuant to Board's resolution, in December 2018, outstanding loan aggregating to Rs. 12.98 crores have been converted into 51,500,000 shares of Rs. 10 each of IDFC Projects Limited. The conversion has resulted in an increase in the equity investment in IDFC Projects Limited from existing Rs. 34.07 crores to Rs. 47.05 crores. Moreover, the net worth of IDFC Projects Limited has eroded significantly due to accumulated losses from prior years of operation to such an extent that it's networth has turned negative and having pending litigation with NHAI, the recoverable amount of the entire equity investment is considered to be less than its carrying value. Consequently, the Company has made a provision for impairment in the statement of profit and loss amounting to Rs. 12.98 crores during the year ended March 31, 2019.

Information regarding the valuation methodologies are disclosed in Note 34.

8. OTHER FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Interest accrued on fixed deposits / Bonds	-	1.14
Security deposits	0.37	1.73
Advance given to related party (refer note 38)	0.50	-
Impairment provision on advance given to related party	(0.50)	-
Total	0.37	2.87

9. INCOME TAX ASSETS (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Income tax paid in advance	3.03	37.56
[net of provision for tax for Rs. 35.08 crores (March 31, 2019: Rs. 35.08 crores)]		
Total	3.03	37.56

10. PROPERTY, PLANT AND EQUIPMENT

(Rs. in crore)

	Vehicles	Office Equipments	Computers	Wind mills	Total
Year ended March 31, 2019					
Gross carrying amount					
Opening gross carrying amount	0.14	0.03	1.84	59.96	61.97
Additions	0.17	0.15	0.02	-	0.34
Disposals and transfers	(0.02)	(0.01)	(0.06)	-	(0.09)
Closing gross carrying amount	0.29	0.17	1.80	59.96	62.22
Accumulated depreciation					
Opening accumulated depreciation	0.08	0.02	0.50	4.60	5.20
Depreciation charge during the year	0.07	0.03	0.47	4.60	5.17
Disposals and transfers	(0.02)	ß	(0.06)	-	(0.08)
Closing accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Net carrying amount as at March 31, 2019	0.16	0.12	0.89	50.76	51.93
Year ended March 31, 2020					
Gross carrying amount					
Opening gross carrying amount	0.29	0.17	1.80	59.96	62.22
Additions	-	0.01	0.01	-	0.02
Disposals and transfers	-	-	-	-	-
Closing gross carrying amount	0.29	0.18	1.81	59.96	62.24
Accumulated depreciation					
Opening accumulated depreciation	0.13	0.05	0.91	9.20	10.29
Depreciation charge during the year	0.05	0.12	0.87	4.62	5.66
Impairment during the year	-	-	-	8.14	8.14
Disposals and transfers	-	-	-	-	-
Closing accumulated depreciation	0.18	0.17	1.78	21.96	24.09
Net carrying amount as at March 31, 2020	0.11	0.01	0.03	38.00	38.15

11. OTHER NON-FINANCIAL ASSETS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	2.00	0.18
Supplier advances	ß	0.03
Balances with government authorities - cenvat/GST credit available	0.04	0.07
Receivable from gratuity fund [net of provision of Rs. 0.07 crore (refer note 27)]	0.12	-
Others	0.01	0.02
Total	2.18	0.30

12. TRADE PAYABLES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	1.58	2.40
Total	1.58	2.40

The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of information received from suppliers regarding their status under the said act as available with the Company and relied upon by the auditors, is as follows:

i) No amount due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME).

ii) No interest is paid / payable during the year to any micro / small enterprise registered under the MSME. There were no delayed payments during the year to any micro or small enterprise registered under the MSME.

iii) The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

13. OTHER FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Unclaimed dividend	1.48	2.13
Employee benefits payable	3.88	3.70
Inter corporate deposits taken from related party (refer note 38)	37.00	-
Interest accrued on inter corporate deposit from related party (refer note 38)	0.76	-
Total	43.12	5.83

14. INCOME TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Provision for income tax	1.21	1.03
[net of advance tax of Rs.36.25 crores (March 31, 2019: Rs.22.10 crore)]		
Total	1.21	1.03

15. DEFERRED TAX LIABILITIES (NET)

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Property, plant and equipments	8.15	9.40
Fair value adjustments		
- Venture capital fund units	(1.01)	(0.58)
- Mutual fund units	-	0.71
-Debt securities	-	(0.70)
Total	7.14	8.83

a) Movement in deferred tax liabilities

The balance comprises temporary differences attributable to the below items and corresponding movement in deferred tax liabilities:

(Rs. in crore)

	As at March 31, 2019	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at March 31, 2020
Deferred tax liability :				
Property, plant and equipment	9.40	(1.25)	-	8.15
Fair valuation gain/(loss) on financial instruments	(0.57)	(0.43)	-	(1.01)
Total	8.83	(1.68)	-	7.14

16. PROVISIONS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Loan commitment	22.63	22.63
Provision for gratuity [net of receivable from fund of Rs. 0.21 crore (refer note 27)]	-	0.21
Provision for other funds	0.06	-
Total	22.69	22.84

17. OTHER NON-FINANCIAL LIABILITIES

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Statutory dues	0.58	1.04
Total	0.58	1.04

18A. EQUITY SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. In crore	Number	Rs. In crore
Authorised shares				
Equity shares of Rs. 10 each	4,000,000,000	4,000.00	4,000,000,000	4,000.00
Preference shares of Rs. 10 each	100,000,000	1,000.00	100,000,000	1,000.00
Issued, subscribed & fully paid-up shares				
Equity shares of Rs. 10 each	1,596,358,316	1,596.36	1,596,358,316	1,596.36
Total	1,596,358,316	1,596.36	1,596,358,316	1,596.36

a) Movements in equity share capital

	As at March 31, 2020		As at March 31, 2019	
	Number	Rs. In crore	Number	Rs. In crore
Outstanding at the beginning of the year	1,596,358,316	1,596.36	1,596,354,566	1,596.35
Shares issued during the year	-	-	3,750	0.01
Outstanding at the end of the year	1,596,358,316	1,596.36	1,596,358,316	1,596.36

b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend proposed by the board of directors is subject to the approval of shareholders at the ensuing annual general meeting, except in case of interim dividend.

The Board of the Company had declared its first interim dividend of Rs. 2.50/- per share on September 30, 2019 and the same was paid on October 4, 2019 and had declared second interim dividend of Rs. 0.65/- per share on November 14, 2019 which was paid on November 26, 2019.

c) Shares reserved for issue under options

Information relating to the IDFC Limited Employee Stock Option Scheme (ESOS), including details regarding options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note 37.

d) Details of shareholders holding more than 5% of the shares in the Company

Equity shareholders	As at March 31, 2020		As at March 31, 2019	
	Number	% holding	Number	% holding
President of India	261,400,000	16.37	261,400,000	16.37
Sipadan Investments (Mauritius) Limited	151,145,989	9.47	151,145,989	9.47

18B. RESERVES AND SURPLUS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Surplus in the statement of profit and loss	454.08	986.61
Securities premium	2,505.88	2,505.88
General reserve	631.02	631.02
Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961	3,053.25	3,053.25
Special reserve u/s. 45-IC of the RBI Act, 1934	995.85	983.00
Share options outstanding account	19.12	22.62
Total	7,659.20	8,182.38

a) Surplus in the statement of profit and loss

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	986.61	1,004.67
Net profit for the period	64.18	127.89
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	0.04	(0.23)
Vested options lapsed during the year	0.98	0.01
Dividends (including DDT)	(584.88)	(119.73)
Transfer to special reserve u/s. 45-IC of RBI Act, 1934	(12.85)	(26.00)
Closing balance	454.08	986.61

b) Securities premium

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	2,505.88	2,505.87
Changes during the year	-	0.01
Closing balance	2,505.88	2,505.88

c) General reserve

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	631.02	631.02
Appropriations during the year	-	-
Closing balance	631.02	631.02

d) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961 (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	3,053.25	3,053.25
Appropriations during the year	-	-
Closing balance	3,053.25	3,053.25

e) Special reserves u/s 45-IC of RBI Act, 1934 (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	983.00	957.00
Appropriations during the year	12.85	26.00
Closing balance	995.85	983.00

f) Share options outstanding account (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance	22.62	12.43
Employee stock option expense	1.10	14.60
Vested options lapsed during the year	(4.62)	(2.74)
Options granted to the employees of subsidiaries	0.02	(1.05)
Options exercised during the year	-	(0.62)
Closing balance	19.12	22.62

18C. NATURE AND PURPOSE OF SPECIAL RESERVES

a) Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

b) General reserve

Under the erstwhile Companies Act, 1956, general reserve was created through an annual transfer of net income at specified percentage in accordance with applicable regulations. The purpose of these transfer was to ensure that if dividend distribution in the given year is more than 10% of paid up capital of the Company of that year, then the total dividend distribution is less than the total distributable results of the year. Consequent to introduction of Companies Act, 2013, the requirement to transfer a specified percentage of the net profit to general reserve has been withdrawn. However, the amount previously transferred to the general reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

c) Special reserves u/s 45-IC of RBI Act, 1934

As per section 45-IC of RBI Act, 1934, every non-banking financial company (NBFC) shall create a reserve fund and transfer therein a sum not less than twenty per cent (20%) of its net profit every year as disclosed in the profit and loss account and before any dividend is declared. No appropriation of any sum from the reserve fund shall be made by the non-banking financial company.

d) Share options outstanding account

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under Employee Stock Option Scheme (ESOS) over the vesting period. (Refer Note 37)

e) Special reserve u/s. 36(1)(viii) of the Income-tax Act, 1961

As per section 36(1)(viii) of Income tax act, 1961, deduction shall be allowed in respect of any special reserve created and maintained by specified entities, for an amount not exceeding twenty percent (20%) of the profits derived from eligible business (computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account.

Provided that where the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital and of the general reserves of the specified entity, no allowance under this clause shall be made in respect of such excess.

19. INTEREST INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
		(Rs. in crore)
On financial assets measured at amortised costs:		
Interest on deposits with banks	0.02	0.96
Interest income on inter corporate deposits	0.01	13.89
On financial assets measured at FVTPL:		
Interest on debt securities	1.93	4.00
Total	1.96	18.85

20. NET GAIN / (LOSS) ON FAIR VALUE CHANGES

	Year ended March 31, 2020	Year ended March 31, 2019
		(Rs. in crore)
Net gain/(loss) on financial instruments at FVTPL:		
(i) On trading portfolio		
- Mutual fund units	16.58	50.58
- Debt securities	1.45	(2.62)
(ii) On financial instruments designated at FVTPL		
- Equity shares	-	(5.28)
- Alternative investment fund units	1.15	1.16
- Venture capital units	27.54	(26.15)
Total (A)	46.72	17.69
Fair Value changes:		
Realised	48.75	60.28
Unrealised	(2.03)	(42.59)
Total (B)	46.72	17.69

21. OTHER INCOME

	Year ended March 31, 2020	Year ended March 31, 2019
		(Rs. in crore)
Interest on income tax refund	-	0.24
Gain on sale of property, plant and equipment	-	0.10
Sale of power	10.72	10.57
Miscellaneous income	0.81	0.58
Total	11.53	11.49

22. FINANCE COST

	Year ended March 31, 2020	Year ended March 31, 2019
		(Rs. in crore)
On financial liabilities measured at amortised cost:		
Interest on debt securities	0.85	-
Total	0.85	-

23. IMPAIRMENT ON FINANCIAL INSTRUMENTS

	Year ended March 31, 2020	Year ended March 31, 2019
		(Rs. in crore)
On financial instruments measured at amortised cost:		
Other receivables	7.83	-
Advance given to related party	0.50	-
Loan commitment	-	8.95
Total	8.33	8.95

24. EMPLOYEE BENEFITS EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus	10.58	6.38
Contribution to provident and other funds	0.78	0.56
Contribution to gratuity fund	0.14	0.11
Employee share based payment expense	1.10	14.60
Employee share based payment expense- Bank	1.89	-
Staff welfare expenses	0.03	0.03
Total	14.52	21.68

25. OTHER EXPENSES

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Rent	0.09	0.05
Rates and taxes	1.69	1.78
Repairs and maintenance		
- Equipments	2.89	2.82
- Others	ß	0.04
Insurance charges	0.13	0.16
Travelling and conveyance	0.61	1.00
Printing and stationery	0.41	0.57
Communication costs	0.07	0.16
Advertising and publicity	0.03	0.10
Professional fees	3.60	3.66
Directors' sitting fees	0.26	0.34
Commission to directors	0.16	1.00
Contribution for corporate social responsibility (CSR) [refer note (b) below]	1.61	0.78
Auditors' remuneration [refer note (a) below]	0.66	0.42
Shared service cost (net)	1.66	(1.20)
Miscellaneous expenses	0.23	0.49
Total	14.10	12.17

a) Breakup of Auditors' remuneration

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Audit fees*	0.47	0.23
Tax audit fees	0.02	0.02
Other Services	0.15	0.17
Out-of-pocket expenses	0.02	ß
Total	0.66	0.42

* Audit fees for the year ended March 31, 2020 includes amount of Rs. 0.13 crore relating to prior year cost overrun billed during the current year.

b) Contribution for corporate social responsibility (CSR)

Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the period Rs. 1.06 crores (previous year Rs. 0.78 crores). Amount spent towards CSR during the year and recognised as expense in the statement of profit and loss on CSR related activities is Rs. 1.61 crores (previous year Rs. 0.78 crores), which comprise of following:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Amount spent during the year on:		
(i) Construction/acquisition of an asset	-	-
(ii) On purposes other than (i) above	1.61	0.78
Total	1.61	0.78

The Company has made excess contribution for CSR to Prime Minister Relief Fund due to the nationwide Covid-19 crisis. The Ministry of Corporate Affairs has clarified that Company's contribution to the PM Cares Fund over and above the minimum prescribed CSR spend can be offset against the CSR obligation of subsequent years.

26. INCOME TAX

a) The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are: (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Current tax		
Current tax on profits for the year	14.34	20.24
Adjustment for current tax of prior periods	0.04	(29.18)
Total current tax expense	14.38	(8.94)
Deferred tax		
(Decrease) / increase in deferred tax liabilities	(1.68)	(10.71)
Total deferred tax expense	(1.68)	(10.71)
Income tax expense	12.70	(19.65)

b) Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and March 31, 2019 is, as follows:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax	76.88	108.24
Tax at India's statutory income tax rate of 25.17% (previous year 29.12%)	19.35	31.52
Tax effect of the amount which are not taxable:		
- Dividend income	(26.15)	(38.20)
- Income already taxed in the previous year	(0.22)	-
- Deduction under section 80-IA	-	(2.08)
Expenses not deductible for tax purposes		
- Disallowance under section 14A	21.06	8.64
- Others	0.31	(0.02)
Effect of unrecognised deferred tax assets	-	6.38
Adjustment of current tax of prior periods	0.04	(29.18)
Effect of decrease in opening deferred tax liability due to decrease in tax rate	(1.68)	-
Others	(0.01)	3.29
Income tax expense at effective tax rate	12.70	(19.65)
Effective tax rate	16.52%	(18.15%)

c) Unrecognised temporary differences (Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Temporary differences relating to impairment loss	52.09	21.93

The Company has not created deferred tax asset on the impairment loss recognised on the investment in subsidiary and financial assets, as there is no reasonable certainty that future taxable profits will be available against which impairment loss can be utilised.

d) Change in tax rate

The recently promulgated Taxation Laws (Amendment) Ordinance 2019, has inserted section 115BAA in the Income Tax Act, 1961, providing existing domestic companies with an option to pay tax at a concessional rate of 22% plus applicable surcharge and cess. The reduced tax rates come with the consequential surrender of specified deductions / incentives. The option needs to be exercised within the prescribed time for filing the return of income under section 139(1) of the Income Tax Act, 1961, for assessment year (AY) 2020-21 or subsequent AYs. Once exercised, such an option cannot be withdrawn for the same or subsequent AYs.

These financial results are prepared on the basis that the Company would avail the option to pay income tax at the lower rate. Consequently, the Company has recognized Provision for Income Tax for the year ended March 31, 2020 and re-measured its Deferred tax assets / liability as at March 31, 2020 basis the revised rate of 25.17%.

27. EMPLOYEE BENEFIT OBLIGATIONS

a) Defined contribution plans

The Company has recognised the following amounts in the statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	0.48	0.34
Pension fund	0.28	0.18
Superannuation fund	0.02	0.04

b) Defined benefit plans

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

I) BALANCE SHEET

(Rs. in crore)

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2019	2.27	1.85	0.42
Current service cost	0.12	-	0.12
Interest expense/(income)	0.08	-	0.08
Return on plan assets	-	0.06	(0.06)
Actuarial loss / (gain) arising from change in financial assumptions	0.02	-	0.02
Actuarial loss / (gain) arising on account of experience changes	0.03	-	0.03
Actual return on plan assets less interest on plan assets	-	0.11	(0.11)
Employer contributions	-	0.42	(0.42)
As at March 31, 2020	2.53	2.45	0.07

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	2.53	2.27
Fair value of plan assets	2.45	1.85
Plan liability net of plan assets	0.07	0.42

II) STATEMENT OF PROFIT AND LOSS

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Employee Benefit Expenses:		
Current service cost	0.12	0.12
Interest cost	0.02	(0.01)
Total	0.14	0.11
Finance cost	-	-
Net impact on the profit before tax	0.14	0.11
Remeasurement of the net defined benefit liability:		
Actuarial gains/(losses) arising from changes in demographic assumptions	-	ß
Actuarial gains/(losses) arising from changes in financial assumptions	0.02	0.03
Actuarial gains/(losses) arising from changes in experience	0.03	0.35
Actual return on plan assets less interest on plan assets	(0.11)	(0.06)
Net impact on the other comprehensive income before tax	(0.06)	0.32

III) DEFINED BENEFIT PLANS ASSETS

Category of assets (% allocation)	As at March 31, 2020	As at March 31, 2019
Insurer managed funds		
- Government securities	37.51%	19.62%
- Deposit and money market securities	5.13%	30.59%
- Debentures / bonds	51.75%	44.41%
- Equity shares	5.61%	5.38%
Total	100.00%	100.00%

IV) ACTUARIAL ASSUMPTIONS

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2020	As at March 31, 2019
Discount rate	5.50%	6.70%
Salary escalation rate*	9%	9%

* takes into account the inflation, seniority, promotions and other relevant factors

V) DEMOGRAPHIC ASSUMPTIONS

Mortality in Service : Indian Assured Lives Mortality (2012-14)

VI) SENSITIVITY

(Rs. in crore)

As at March 31, 2020	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.35%)	0.39%
Salary escalation rate	0.50%	0.37%	(0.34%)

As at March 31, 2019	Change in assumption	Impact on defined benefit obligation	
		Increase	Decrease
Discount rate	0.50%	(0.52%)	0.56%
Salary escalation rate	0.50%	0.55%	(0.51%)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

VII) MATURITY

The defined benefit obligations shall mature after year end as follows:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
within 12 months	2.40	2.05
Between 2-5 years	0.01	0.06
Between 5-10 years	0.04	0.07
Beyond 10 years	0.27	0.40

The weighted average duration to the payment of these cash flows is 0.73 years (previous year 1.09 years).

28. SEGMENT INFORMATION

In accordance with Ind AS 108 'Operating Segment', segment information has been given in the Consolidated Financial Statements of IDFC Limited and therefore no separate disclosure on segment information is given in the standalone financial Statements.

29. DIVIDEND PAID AND PROPOSED DURING THE YEAR

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
A. Declared and paid during the year		
Dividends on ordinary shares:		
Final Dividend for 2019: Nil per share (2018: 0.75 per share)	-	119.73
Interim Dividend for 2020: 3.15 per share (2019: Nil per share)	502.85	-
Total dividends paid	502.85	119.73
B. Proposed for approval at Annual General Meeting (not recognised as a liability as at year end)		
Dividend on ordinary shares:		
Final dividend for 2020: Nil per share (2019: Nil per share)	-	-

30. EARNINGS PER SHARE (EPS)

a) The basic earnings per share has been calculated based on the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Net profit after tax available for equity shareholders	64.18	127.89
Weighted average number of equity shares	1,596,358,316	1,596,357,061

b) The reconciliation between the basic and the diluted earnings per share is as follows:

	Year ended March 31, 2020	Year ended March 31, 2019
Basic earnings per share	0.40	0.80
Effect of outstanding stock options	-	ß
Diluted earnings per share	0.40	0.80

c) Weighted average number of equity shares is computed for the purpose of calculating diluted earning per share, after giving the dilutive impact of the outstanding stock options for the respective years.

	Year ended March 31, 2020	Year ended March 31, 2019
Weighted average number of shares for computation of Basic EPS	1,596,358,316	1,596,357,061
Dilutive effect of outstanding stock options	-	-
Weighted average number of shares for computation of Diluted EPS	1,596,358,316	1,596,357,061

31. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Commitments		
Uncalled liability on shares and other investments partly paid	19.36	64.21
Claims not acknowledged as debts	1.53	-
Other commitments*	69.37	69.37
Total	90.26	133.58

* IDFC Projects Limited, a wholly owned subsidiary of the Company holds 19.90% stake on fully diluted basis in Jetpur Somnath Tollways Private Limited ("JSTPL"). JSTPL was incorporated for the purpose of construction, operation and maintenance of the 127 km section of NH 8D connecting Jetpur and Somnath in the state of Gujarat and in this respect, JSTPL had executed the concession agreement with NHAI. However, the construction was not fully completed for approx. 20 kms due pending handover of land by NHAI for construction. Due to certain disputes including of revenue sharing, JSTPL served notice of termination on NHAI terminating the project on account of Authority Default and has handed over its toll operations to the NHAI in November, 2016. Due to this, there are no operations in JSTPL. Considering the aforesaid and the net worth of JSTPL, the Company has recognised the impairment in value of its investments in JSTPL.

The Concession Agreement states that in case of default on account of NHAI, NHAI to pay the Debt Due plus 150% of the Adjusted Equity. In case termination was on account of JSTPL's default, NHAI to make payment of 90% of the Debt due less insurance cover. JSTPL and Lenders of JSTPL (through lead banker Punjab National Bank) had filed an appeal for interim relief under section 9 of the Arbitration and conciliation Act before Delhi High Court to get at least 90 % of Debt Due as Termination Payment from NHAI. The Delhi High Court after hearing the matter, decided the appeal in favour of JSTPL and Lenders of JSTPL and directed NHAI to pay 90% of the Debt due as Termination payment to JSTPL. NHAI challenged the order of Delhi High Court (Single Judge) before Division Bench of Delhi High Court, who also upheld the decision of the single judge and directed NHAI to release the termination payment. NHAI challenged the Order of Division Bench of High Court by filing Special Leave Petition ("SLP") in the Hon'ble Supreme Court of India. The Hon'ble Supreme Court of India upheld the Orders of the High Court and dismissed the SLP of NHAI and directed NHAI to pay Rs. 348.60 crores in the Escrow Account with the Lead Lender, Punjab National Bank (PNB) within 6 (six) weeks from January 05, 2018. Following that, NHAI has released the amount of Rs. 348.60 crores on January 29, 2018 which was distributed to lenders on proportionate basis. However, JSTPL has provided a bank guarantee of the amount of Rs. 348.60 crores to NHAI in compliance with order of Hon'ble Delhi High Court. This bank guarantee is required to be alive till 4 months from the date of arbitration award. Two arbitrations were going on to resolve the dispute between JSTPL, NHAI and Lenders of JSTPL as follows:

Arbitration initiated by Lenders of JSTPL (PNB) against NHAI and JSTPL – This arbitration has been concluded and the Arbitrational Tribunal (AT) has issued the award in favour of the claimant i.e. PNB. The AT has held that the NHAI is liable to pay 90% of Debt Due amount towards termination payment to claimant (PNB). AT has further held that in view of this award, there appears to be no reason to keep the aforesaid bank guarantee by NHAI or to keep the bank guarantee active by JSTPL. Arbitration initiated by JSTPL against NHAI – This arbitration is still going on. Award in this arbitration is expected by December 2020. JSTPL has repaid the entire borrowing including interest to Lenders before 30th June 2018. Out of Rs. 348.60 crores proportionate portion of bank guarantee on a fully diluted basis investment of IDFC Projects Limited in JSTPL of 19.90% i.e. Rs. 69.37 crores has been disclosed as commitments.

IDFC Projects Limited has suspended its business operations since November, 2016 and its net worth has eroded significantly due to accumulated losses from prior year operations. Considering parent - subsidiary relationship, the Company has disclosed IDFC Projects Limited's proportionate share of bank guarantee amounting to Rs. 69.37 crores as commitments towards its subsidiary for the year ended March 31, 2019.

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer note 29B for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing annual general meeting. Refer note 44 for impact of COVID 19 pandemic in the preparation of the Standalone financial statements.

33. CAPITAL MANAGEMENT

The Company maintains a capital base to cover risks inherent in the business and is meeting capital adequacy requirements of the regulator, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI. Company has complied in full with all its externally imposed capital requirements over the reported period. The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The following additional information is disclosed in terms of the RBI circular (Ref No. DNBR .PD. 008 / 03.10.119 / 2016-17 dated September 01, 2016); RBI circular DNBR(PD) CC No. 053 / 03.10.119 / 2015-16 and RBI circular DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020 :

(Rs. in crore)

Capital to risk assets ratio (CRAR):	As at March 31, 2020	As at March 31, 2019
Tier I capital	945.45	1,633.19
Tier II capital	-	-
Total capital	945.45	1,633.19
Risk weighted assets	1,065.04	1,773.76
CRAR (%)	88.77%	92.08%
CRAR - Tier I capital (%)	88.77%	92.08%
CRAR - Tier II capital (%)	-	-
Amount of subordinated debt considered as Tier II capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

Regulatory capital Tier I capital, which comprises share capital, share premium, special reserves, share option outstanding account, retained earnings including current year profit and non-controlling interests less accrued dividends. Certain adjustments are made to Ind AS–based results and reserves, as prescribed by the Reserve Bank of India.

34. FAIR VALUE MEASUREMENT

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the note below:

Financial Instruments by Category (Rs. in crore)

Year ended March 31, 2020	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.69
Bank Balances other than cash and cash equivalents	-	1.48
Other receivables	-	0.02
Investments:		
- Venture capital fund units	54.64	-
Other financial assets	-	0.37
Total Financial Assets	54.64	2.56
Financial Liabilities:		
Trade and other payables	-	1.58
Other financial liabilities	-	43.12
Total Financial Liabilities	-	44.70

(Rs. in crore)

Year ended March 31, 2019	At fair value through profit and loss	Amortised cost
Financial Assets:		
Cash and cash equivalents	-	0.54
Bank Balances other than above	-	2.13
Other receivables	-	2.94
Investments:		
- Mutual fund units	371.20	-
- Venture capital fund units	206.05	-
- Alternative investment fund units	25.74	-
- Debt Securities	47.09	-
Other financial assets	-	2.87
Total Financial Assets	650.08	8.48
Financial Liabilities:		
Trade and other payables	-	2.40
Other financial liabilities	-	5.83
Total Financial Liabilities	-	8.23

a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at March 31, 2020 (Rs. in crore)

Assets measured at fair value - recurring fair value measurements	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		-	-	-	-
- Venture capital fund units		-	-	54.64	54.64
Total financial assets		-	-	54.64	54.64

Year ended March 31, 2019 (Rs. in crore)

Assets measured at fair value - recurring fair value measurements		Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
- Mutual fund units		371.20	-	-	371.20
- Venture capital fund units		-	-	206.05	206.05
- Alternative investment fund units		-	25.74	-	25.74
- Debt securities		-	47.09	-	47.09
Total financial assets		371.20	72.83	206.05	650.08

i) There are no transfers between levels 1, 2 and 3 during the year.

ii) The Companies policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1: Hierarchy includes financial instruments measured using quoted price. The fair value of mutual fund units is determined using closing Net Asset Value (NAV), which represents the repurchase price at which the issuer will redeem the units from investors.

Level 2: The fair value of financial instruments that are not traded in an active market (such as alternative investment fund units and traded bonds) is determined using valuation techniques which maximizes the use of observable market data. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

b) Valuation technique used to determine fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

Specific valuation techniques used to value financial instruments include:

- the fair value of the mutual fund units is determined using observable NAV at the reporting date as declared by the issuer.
- the fair value of the venture capital units and debt securities is determined using NAV at the reporting date as declared by the issuer. ^
- the fair value of unlisted equity shares are has been valued by an independent valuer.

^ Considering the current scenario with respect to the Covid-19 pandemic and the stress in various sectors of the economy the Company has taken appropriate haircuts and provided for an additional diminution over and above the NAV communicated by the VCFs in order to appropriately reflect the fair value as on March 31, 2020.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities and venture capital fund units, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

c) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 and level 2 fair values. This team directly reports to the Chief Financial Officer (CFO). Discussion on valuation processes and result are held between CFO and the team regularly in line with Company's quarterly reporting periods.

The main level 3 inputs for unlisted equity securities and venture capital fund units used by the Company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the Company's internal credit risk management group.
- Earnings growth factor for unlisted equity securities are estimated based on market information for similar types of companies.

In the view of management, there will be no material impact on the financial statements arising from the changes in unobservable inputs used for valuation.

d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended March 31, 2020 and March 31, 2019:

(Rs. in crore)

	Venture capital fund units	Total
Year ended March 31, 2019	206.05	206.05
Acquisitions / disposal during the year	(158.65)	(158.65)
Gains/(losses) recognised in profit and loss	7.24	7.24
Year ended March 31, 2020	54.64	54.64

e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (b) above for the valuation techniques adopted.

	Fair Value as at 31st March 2020	Fair Value as at 31st March 2019	Significant unobservable inputs	Probability-weighted range	Sensitivity
Venture capital fund units	54.64	206.05	Net Asset Value	10%	Whilst these investments are not traded on any market, they are exposed to price risk in respect of their underlying investments. 10% is the sensitivity rate used when reporting price risk internally to key management personnel and represents management's assessment of the possible net change in underlying prices. A 10% increase/(decrease) in the net asset value would increase/(decrease) the Company's gain/(loss) by Rs. 4.09 crores.(31st March 2019-14.60 crores)

f) Fair value of financial assets and liabilities measured at amortised cost

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include cash and bank balances, bank deposits, security deposits, trade and other receivables, trade and other payable, and debt securities.

Security deposits are evaluated by the Company based on parameters such as interest rates and individual creditworthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these financial assets. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

35. FINANCIAL RISK MANAGEMENT

Risk management is an integral part of the business practices of the Company. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk policies. These risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

The objective is that these financial risks are identified, measured and managed in accordance with the Company's policies in a timely manner. The activities are designed to:

- protect the Company's financial results and position from financial risks;
- maintain market risks within acceptable parameters, while optimizing returns;
- protect the Company's financial investments, while maximising returns.

A) CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from cash and cash equivalents, deposits with banks, trade and other receivable, loans measured at amortised cost and investment measured at FVTPL (viz, debt securities, mutual fund units, alternative investment fund units and venture capital fund units).

Expected credit loss methodology:

Ind As 109 outlines a "three-stage" model for impairment based on changes in credit quality since initial recognition as summarised below:

- Stage 1 - A financial instrument that is not credit impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company. The Company has established credit quality review process which considers net asset position, financial strength and leverage; operational & financial performance; cash flows, etc. in identification of creditworthiness of counterparties.
- Stage 2 - Financial instruments with significant increase in credit risk, but not yet deemed to be credit impaired are moved to Stage 2.
- Stage 3 - Credit impaired financial instruments are moved to stage 3.

The Company performs internal risk assessment on an individual basis and not on a portfolio basis due to the limited number of counterparties involved. The assessment of credit risk of a loans (including loan commitments) entails estimations as to the likelihood of loss occurring due to default of counterparties. The estimation of credit exposure for risk management purposes is complex and considers expected cash flows and the passage of time.

<u>Default and credit-impaired asset:</u>

The Company defines a financial asset as in default or credit-impaired, when it meets one or more of the following criteria:

- Quantitative criteria:

The borrower is more than 90 days past due on its contractual payments to be considered in default.

- Qualitative criteria:

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty.

For all financial instruments held by the Company, if the borrower is on the watch list and/or the instrument meets one or more of the following criteria:

- Significant increase in credit spread
- Significant adverse changes in business, financial and/or economic conditions in which the borrower operates
- Actual or expected forbearance or restructuring
- Actual or expected significant adverse change in operating results of the borrower
- Significant change in collateral value (secured facilities only) which is expected to increase risk of default
- Early signs of cash flow/liquidity problems such as delay in servicing of trade creditors/loans

<u>Policy for write-off of financial assets</u>

All loans which in the opinion of management are not recoverable are written off. The Company may write off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of full recovery.

Explanation of inputs and assumptions considered in the ECL model:

<u>PD Estimation:</u>

- "Probability of default" (PD) is defined as the probability of whether the borrowers will default on their obligations in the future.

For Stage 1, 12 month PD are calculated.

For Stage 2, Lifetime PD are calculated by considering the survival rate of the counterparty for the remaining maturity.

For Stage 3, Lifetime PD is taken as 100%.

Exposure at default:
- "Exposure at default" (EAD) represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

For the loan commitments, the exposure at default (EAD) is predicted by aggregating total unfunded credit exposure and applying a "credit conversion factor (CCF)" which considers any further amount that is expected to be lent under arrangement at the time of default. CCF denotes the probability of off-balance sheet exposure (i.e. loan commitment) becoming credit exposure shifting onto the balance sheet if the loan commitment is called.

Loss given default:
- "Loss given default" (LGD) is an estimate of loss from a transaction given that a default occurs. LGD varies by type of counterparty, type and seniority of claim. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

In case of loans to IDFC Projects, on account of limited credit information available and no prior history with other forms of operations, the Company has used the standard LGD prescribed in the RBI norms for Capital Adequacy — "Internal Ratings Based (IRB) Approach to Calculate Capital Requirement for Credit Risk" after giving considerations to the required threshold levels of collateralization.

The Expected Credit Loss (ECL) is measured either on a 12-month (12M) or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit impaired. Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD).

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

In determining the ECL, management assesses a range of possible outcomes, taking into account past events, current conditions and the economic outlook. Additional facts and circumstances, that in management's judgment are considered to have been inadequately addressed in the ECL Model, are taken into consideration through the application of a management overlay framework. ECL adjustments arising from the exercise of the management overlay are subject to a review.

Credit risk exposure:
The following table contains an analysis of Company's exposure to credit risk towards loan commitments for which and ECL allowance is recognised:

i) An analysis of change in the gross carrying amount of the loan and corresponding loss allowance:

(i) The following table explains changes in the gross carrying amount of the loan to help explain the significance to changes in the loss allowance for the same loans as discussed below:

(Rs. in crore)

Loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	18.62	-	24.07	42.69
- New loans originated or advanced	-	-	27.43	27.43
- Asset derecognised or repaid	(18.62)		(12.98)	(31.60)
- Assets written off	-	-	(38.52)	(38.52)
Closing balance as at March 31, 2019	-	-	-	-
- Movemnet during the year	-	-	-	-
Closing balance as at March 31, 2020	-	-	-	-

(ii) The following table explains the changes in the loss allowance between the beginning and at the end of the annual period due to various factors:

(Rs. in crore)

Loans and advances	Stage 1	Stage 2	Stage 3	Total
Opening balance as at April 1, 2018	-	-	24.07	24.07
- New loans originated or advanced	-	-	27.43	27.43
- Asset derecognised or repaid	-		(12.98)	(12.98)
- Asset derecognised	-	-	-	-
- Assets written off	-	-	(38.52)	(38.52)
Impairment allowance as at March 31, 2019	-	-	-	-
- Movemnet during the year	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	-	-

(iii) Reconciliation of ECL - Loan commitments* (Rs. in crore)

	Stage 1 (12M ECL)	Stage 2 (12M ECL)	Stage 3 (Lifetime ECL)	Total
Impairment allowance as at March 31, 2018	-	-	28.15	28.15
- arising during the year	-	-	-	-
- utilised	-	-	(5.52)	(5.52)
Impairment allowance as at March 31, 2019	-	-	22.63	22.63
- arising during the year	-	-	-	-
- utilised	-	-	-	-
Impairment allowance as at March 31, 2020	-	-	22.63	22.63

*Refer note 31 for details of loan commitments provided to IDFC Projects Limited.

ii) Trade and other receivables

Concentrations of credit risk with respect to trade and other receivables are limited, due to the customer base being limited. All trade receivables are reviewed and assessed for default on a individual basis. Historical experience of collecting receivables of the Company is supported by low level of past default and hence the credit risk is perceived to be low.

Reconciliation of impairment allowance on trade and other receivables

	Rs. in crore
Impairment allowance as at March 31, 2019	6.01
Add/(less): changes in loss allowance	7.72
Impairment allowance as at March 31, 2020	13.73

iii) Other financial assets

The Company maintains exposure in cash and cash equivalents, deposits with banks. Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions only, therefore credit risk is perceived to be low.

For investment in debt securities, mutual fund units, alternative investment fund units and venture capital fund units carried at fair value through profit and loss, the Company does not have significant concentration of credit risk.

The maximum exposure at the end of the reporting period is the carrying amount of these investments Rs. 54.64 crores (March 31, 2019: Rs. 650.08 crores)

The Company continues to provide the financial support to its Wholly Owned Subsidiay “IDFC Projects Limited” to meet its obligations as and when they fall due for payment; as the networth of the subsidiary is fully errorded. During the year, the Company has provided an advance of Rs. 0.50 crore which has been fully provided.

Reconciliation of impairment allowance on other financial assets

	Rs. in crore
Impairment allowance as at March 31, 2019	-
Add/(less): changes in loss allowance	0.50
Impairment allowance as at March 31, 2020	0.50

B) MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

i) Fair value interest rate risk:

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to fair value changes due to interest rate changes from investments held in units of debt-oriented securities. The Company’s exposure to interest rate risk is as follows:

Exposure (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in mutual fund units	-	371.20
Investment in debt securities	-	47.09
Total	-	418.29

Sensitivity

The Company’s investments in debt-oriented securities are in highly rated schemes and financial institutions. The fund’s objective is to invest in high quality debt and money market instruments rated and are measured with reference to 91 days T-bill rates.

The table summarises the impact of the increase/decrease of the benchmark on the Company's profit for the period. The analysis is based on the assumption that the 91 days T-bill has increased by 100 bps or decreased by 100 bps with all other variables held constant, and that all the Company's investments moved in line with the benchmark.

(Rs. in crore)

	Impact on profit after tax	
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in mutual fund units:		
- 91 days T-bill : Increase 100 bps (previous year 100 bps)	-	2.93
- 91 days T-bill : Decrease 100 bps (previous year 100 bps)	-	(2.93)

The mutual fund has direct exposure to interest rate changes on the cash flows of its interest bearing assets. Due to the investment in mutual fund units, the Company has indirect exposure to interest rate changes on Net Asset value of mutual fund units. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Company's investment in mutual fund units.

ii) Foreign currency risk:

The Company does not have any foreign currency exposures in respect of financial assets and financial liabilities as at the balance sheet date.

iii) Price risk:

The price risk arises from investments in alternative investment fund and venture capital fund units classified in the balance sheet as financial instruments measured at fair value through profit or loss. The future uncertain changes in the Net Asset Value of the Company's investment exposes the Company to the price risk.

Exposure (Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Investment in alternative investment fund units	-	25.74
Investment in venture capital fund units	54.64	206.05
Total	54.64	231.79

Sensitivity - Investment in alternative investment fund

The table below summarises the impact of increases/decreases of the benchmark on the Company's investment and profit for the period. The analysis is based on the assumption that the NSE Nifty 50 index had increased by 9.71% or decreased by 9.71% with all other variables held constant, and that all the Company's investment moved in line with the benchmark.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in alternative investment fund units:		
- Nifty 50 : Increase previous year 9.71%	-	0.88
- Nifty 50 : Decrease previous year 9.71%	-	(0.88)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

Sensitivity - Investment venture capital fund

The table below summarises the impact of increases/decreases in the net asset value of Company's investment in venture capital fund units.

	Impact on profit after tax*	Impact on profit after tax*
	Year ended March 31, 2020	Year ended March 31, 2019
Investment in venture capital fund units:		
- Increase 10% (previous year 10%)	5.46	20.60
- Decrease 10% (previous year 10%)	(5.46)	(20.60)

* Profit for the period would change as a result of gain/loss on financial instruments classified as at fair value through profit or loss.

C) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Company believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Company has no external borrowings. Accordingly, liquidity risk is perceived to be low.

Maturity analysis:

The following table shows the maturity analysis of financial liabilities of the Company based on contractually agreed undiscounted cash flows as at the balance sheet date:

(Rs. in crore)

As at March 31, 2020	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	1.58	-	1.58
Other financial liabilities	13	43.12	-	43.12
Total financial liabilities		44.70	-	44.70

As at March 31, 2019	Note No.	Less than 12 months	More than 12 months	Total
Financial liabilities:				
Trade and other payable	12	2.40	-	2.40
Other financial liabilities	13	5.83	-	5.83
Total Financial liabilities		8.23	-	8.23

36. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(Rs. in crore)

	As at March 31, 2020			As at March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	0.69	-	0.69	0.54	-	0.54
Bank balance other than cash and cash equivalents above	1.48	-	1.48	2.13	-	2.13
Receivables						
(I) Trade receivables	-	-	-	-	-	-
(II) Other receivables	0.02	-	0.02	2.94	-	2.94
Investments	-	9,285.96	9,285.96	418.29	9,304.15	9,722.44
Other financial assets	-	0.37	0.37	2.87	-	2.87
Non-financial assets						
Income tax assets	-	3.03	3.03	-	37.56	37.56
Property, plant and equipment	38.00	0.15	38.15	-	51.93	51.93
Other non-financial assets	2.18	-	2.18	0.30	-	0.30
Total assets	42.37	9,289.51	9,331.88	427.07	9,393.64	9,820.71
Financial liabilities						
Payables						
(I) Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-
(II) Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	1.58	-	1.58	2.40	-	2.40
Other financial liabilities	43.12	-	43.12	5.83	-	5.83
Non-financial Liabilities			-			
Income tax liabilities (net)	1.21	-	1.21	1.03	-	1.03
Deferred tax liabilities (Net)	7.14	-	7.14	8.83	-	8.83
Provisions	0.06	22.63	22.69	0.21	22.63	22.84
Other non-financial liabilities	0.58	-	0.58	1.04	-	1.04
Total liabilities	53.69	22.63	76.32	19.34	22.63	41.97

37. EMPLOYEE SHARE BASED PAYMENTS

a) Employee stock option scheme (equity settled) -IDFC Limited

The Company introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the Company and its subsidiaries to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees [including employees of subsidiary companies and IDFC FIRST Bank Limited (an associate of the Company)] to acquire equity shares of the Company, that will vest in a graded manner and that are to be exercised within a specified period.

The fair value of options granted to the employees of the Company under the ESOS is recognised as an employee benefits expense with a corresponding increase in 'Share Option Outstanding Account' under 'Other Equity'. The fair value of options granted to the employees of subsidiaries or associate of the Company is recognised as an increase in the investment in the respective subsidiaries or associate, with a corresponding credit to 'Share Option Outstanding Account' under 'Other Equity' in accordance with group share based payment guidance under Ind AS 102.

Options are granted under the plan carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company. The options granted will vest upon the completion of service condition as specified in scheme in a graded manner. Vested options are exercisable for the period of five years after the vesting.

i) Set out below is a summary of options granted under the plan:

	Year ended March 31, 2020		Year ended March 31, 2019	
	Average exercise price	Number of options	Average exercise price	Number of options
Opening balance	68.52	27,216,085	73.80	26,917,685
Granted during the year	-	-	55.75	8,400,000
Exercised during the year	-	-	43.40	(3,750)
Forfeited during the year	66.87	(6,104,000)	70.89	(7,001,350)
Lapsed/expired during the year	81.48	(7,830,667)	82.60	(1,096,500)
Closing balance	61.64	13,281,418	68.52	27,216,085
Vested and exercisable	61.63	13,240,018	74.69	18,500,593

The weighted average share price at the date of exercise of options exercised during the year ended March 31, 2020 was Rs. Nil (previous year Rs. 43.40).

ii) Share options outstanding at the March 31, 2020 have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price	Outstanding as at March 31, 2020	Outstanding as at March 31, 2019
06-Jun-11	26-Apr-17 to 1-Apr-19	81.96	-	7,350,000
22-Feb-12	22-Feb-18 to 22-Feb-20	91.32	-	30,000
08-Jun-12	08-Jun-19	129.7	-	200,000
20-May-13	20-May-19 to 31-Jan-19	99.26	-	66,667
01-Aug-13	01-Aug-19 to 01-Aug-21	66.33	-	200,000
02-Sep-13	02-Sep-19 to 02-Sep-21	48.77	42,000	46,000
01-Oct-13	01-Oct-19 to 01-Oct-21	53.34	-	400,000
03-Mar-14	03-Mar-20 to 03-Mar-22	56.97	-	1,250,000
01-Jul-14	01-Jul-20 to 01-Jul-22	81.84	-	1,000,000
15-Jul-14	15-Jul-20 to 15-Jul-22	89.29	-	600,000
07-Aug-14	07-Aug-19 to 07-Aug-21	90.56	700,000	1,000,000
03-Aug-15	15-Jul-19 to 03-Aug-23	90.81	1,500,000	1,500,000
05-Oct-15	18-Apr-17 to 05-Oct-23	60.35	2,034,564	3,889,364
03-Nov-15	03-Nov-21 to 03-Nov-23	58.4	-	325,000
05-Feb-16	05-Feb-22 to 05-Feb-24	41.15	300,000	304,200
29-Apr-16	14-Jul-17 to 29-Apr-23	43.4	100,000	175,000
26-Jul-16	14-Jul-17 to 26-Jul-23	53.9	158,754	158,754
14-Sep-16	14-Sep-22 to 14-Sep-24	59.2	100,000	100,000
14-Mar-17	14-Mar-23 to 14-Mar-25	51.85	42,600	42,600
09-May-17	31-May-18 to 09-May-24	63.25	103,500	178,500
27-Apr-18	27-Apr-23	55.4	8,200,000	8,400,000
Total			13,281,418	27,216,085
Weighted average remaining contractual life of options outstanding at end of period			3.20	2.47

iii) Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the stock option.

There are no ESOPs granted during the year ended March 31, 2020.

The model inputs for options granted during the year ended March 31, 2020 included:

Assumptions	Year ended March 31, 2020	Year ended March 31, 2019
Expected - Weighted average volatility*	NA	39.03%
Expected dividends	NA	0.45%
Expected term (In years)	NA	3
Risk free rate	NA	7.44%
Market price	NA	55.4
Grant date	NA	27-Apr-18
Expiry date	NA	27-Apr-22
Fair value of the option at grant date	NA	18.87

* The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

b) Employee stock option scheme (equity settled) - IDFC FIRST Bank Limited

IDFC FIRST Bank Limited (earlier known as IDFC Bank Limited), an indirect associate of the Company, got demerged from the Company under the sanctioned scheme of arrangement in October 2015. Pursuant to Scheme of Demerger, IDFC FIRST Bank Limited has allotted employee stock options to the employees of the Company and it's subsidiaries. The employee share based payments arrangement between the Company and its associate is outside the scope of Ind AS 102 - Group share based payment arrangement, as associate is not a part of the same group. However, under Ind AS 8, the Company has taken a policy choice to account the said employee share based payments arrangement as per the provisions of Ind AS 102.

Applying Ind AS 102 - Group share based payments arrangement guidance, the fair value of options granted to the employees of the Company is recognised as an employee benefits expense with a corresponding decrease in investment in associate. However, the fair value of options granted to the employees of subsidiaries of the Company is recognised as an increase in the investment in the respective subsidiaries and a decrease in investment in associate.

c) Amounts recognised in statement of profit and loss and investment in subsidiary:

The Company had established an intermediate Non-Operating Financial Holding Company (NOFHC) (i.e. IDFC Financial Holding Company Limited) to hold the investment in IDFC FIRST Bank Limited (an associate of the Company) and other subsidiaries of the Company due to regulatory requirements of RBI. Since the Company does not hold direct investment in its associate and other subsidiaries involved in group, the Company increases or decreases its investment in IDFC Financial Holding Company Limited, to give the effect of increase or decrease in the investment in subsidiary or associate for accounting employee stock options.

i) Total expenses arising from share-based payment transactions recognised in statement of profit or loss as part of employee benefit expense for the year ended March 31, 2020 is Rs. 1.10 crores [previous year Rs. 14.60 crores].

ii) Under group share based payment arrangement, the total increase in the investment in IDFC Financial Holding Company Limited for the year ended March 31, 2020 amounted Rs. 0.02 crores (previous year Rs. (1.05) crores).

38. RELATED PARTY TRANSACTIONS

List of related party where transaction exists.

a) Subsidiaries

Direct:

Name	Place of incorporation	Ownership Interest	
		As at March 31, 2020	As at March 31, 2019
IDFC Foundation	India	100%	100%
IDFC Financial Holding Company Limited	India	100%	100%
IDFC Alternatives Limited (w.e.f November 14, 2019)	India	100%	-
IDFC Trustee Company Limited (w.e.f November 14, 2019)	India	100%	-
IDFC Projects Limited	India	100%	100%

Indirect:

IDFC Alternatives Limited (till November 13, 2019)
IDFC Trustee Company Limited (till November 13, 2019)
IDFC Asset Management Company Limited
IDFC AMC Trustee Company Limited
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (upto March 11, 2019)
IDFC Securities Limited

b) Joint ventures

Indirect:

Delhi Integrated Multi-Modal Transit System Limited
Infrastructure Development Corporation (Karnataka) Limited

c) Associates

Direct:

Novopay Solutions Private Limited

Indirect:

IDFC FIRST Bank Limited (earlier known as “IDFC Bank Limited)
NIIF Infrastructure Finance Limited (formerly known as IDFC Infrastructure Finance Limited) (w.e.f March 12, 2019 till March 30, 2020)
Jetpur Somnath Tollways Private Limited

d) Key management personnel

Mr. Sunil Kakar - Managing Director & CEO
Mr. Bipin Gemani - Chief Financial Officer (w.e.f December 19, 2018)
Mr. Vinod Rai - Independent Director
Mr. Soumyajit Ghosh - Nominee Director
Mr. Manish Kumar - Nominee Director (upto June 11, 2018)
Mr. Gautam Kaji- Independent Director (upto July 31, 2018)
Mr. Donald Peck - Independent Director (upto July 31, 2018)
Mr. Anshuman Sharma - Nominee Director (w.e.f August 08, 2018)
Ms. Ritu Anand -Independent Director (w.e.f. August 16, 2019)
Ms. Marriane Okland - Independent Director (upto September 30, 2019)
Mr. Chintamani Bhagat - Nominee Director (upto September 30, 2019)
Mr. S S Kohli - Independent Director (upto September 30, 2019)
Mr. Ajay Sondhi - Independent Director (w.e.f. November 08, 2019)

Sitting fees and Commission to directors has been disclosed as “Directors’ Sitting Fees” & “Commission to directors” under “other expenses” in note 25.

(Rs. in crore)

	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefit	7.16	5.11
Long-term employee benefit	1.04	0.47
Total	8.20	5.58

I) The nature and volume of transactions of the Company with the above mentioned related parties are as summarised below:

(Rs. in crore)

	Subsidiaries		Associates		Joint Ventures	
	2020	2019	2020	2019	2020	2019
INCOME						
Dividend	103.88	120.99	-	-	-	-
Interest	0.01	17.89	1.95	0.76	-	-
EXPENDITURE						
Shared service cost recovery	(2.54)	(9.52)	(1.29)	(1.98)	(0.40)	-
Shared service cost	1.56	0.36	0.27	0.55	-	-
CSR contribution	0.76	0.78	-	-	-	-
Interest cost	0.85	-	-	-	-	-
Brokerage on sale of investments	-	ß	-	-	-	-
ASSETS / TRANSACTIONS						
Purchase / subscription of investments	200.10	51.50	-	-	-	-
Sale of investments	105.79	-	-	-	-	-
Subscription of bonds/ outstanding bonds	-	-	-	49.50	-	-
Current account balance	-	-	2.15	2.66	-	-
Fixed deposits placed	-	-	24.89	459.95	-	-
Fixed deposits matured	-	-	24.89	459.95	-	-
Fixed deposits - Balance outstanding	-	-	-	-	-	-
Inter-corporate deposits (placed)	1.00	392.79	-	-	-	-
Inter-corporate deposits (matured)	1.00	392.79	-	-	-	-
Inter-corporate deposits (taken)	37.00	-	-	-	-	-
Inter-corporate deposits -Balance outstanding	37.00	-	-	-	-	-
Advances given	0.50	27.16	-	-	-	-
Advances recovered	-	69.85	-	-	-	-
Interest accrued on bonds - balance outstanding	-	-	-	1.14	-	-
Interest accrued on inter corporate deposit taken - balance outstanding	0.76	-	-	-	-	-
Outstanding Equity investment - at cost	9,327.89	9,127.79	35.62	35.62	-	-
LIABILITIES / TRANSACTIONS						
Trade payable- balance outstanding	-	-	-	-	4.99	5.09

39. The following additional information is disclosed in terms of the RBI circular (Ref. No. DNBS (PD) CC No. 008 /03.10.119 /2016-17 dated September 1, 2016) :

(a) Investor group wise classification of all investments (current and non-current) in shares and securities (both quoted and unquoted):

(Rs. in crore)

		As at March 31, 2020		As at March 31, 2019	
		Market value / Break up value / Fair value / NAV	Book value net of provision	Market value / Break up value / Fair value / NAV	Book value net of provision
1	**Related parties**				
	(a) Subsidiaries	9,289.61	9,231.32	8,913.82	9,036.74
	(b) Companies in the same group	-	-	35.62	35.62
	(c) Other related parties	-	-	-	-
2	**Other than related parties**	54.64	54.64	650.08	650.08
	Total	9,344.25	9,285.96	9,599.52	9,722.44

(b) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities

(Rs. in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	54.64	-	9,231.32	9,285.96
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Previous Year (Rs. in crore)

	upto 30/31 days	Over 1 month upto 2 months	Over 2 month upto 3 months	Over 3 month & upto 6 month	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 year & upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	-	-	-	-	-	-	-	-	-
Investments	-	-	-	47.09	396.94	206.05	-	9,072.36	9,722.44
Borrowing	-	-	-	-	-	-	-	-	-
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

In computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

(c) Exposures to Capital Market (Rs. in crore)

		As at March 31, 2020	As at March 31, 2019
(i)	Direct investments in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity-oriented mutual funds i.e. where primary security other than shares/convertible bonds/convertible debentures/units of equity-oriented mutual funds does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-
(vii)	Bridge loans to companies against expected equity flows/issues	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	74.00	270.26
Total Exposure to Capital Market		74.00	270.26

(d) Penalties / fines imposed by the RBI

During the year ended March 31, 2020 there was no penalty imposed by the RBI (Previous Year Nil).

40. The following additional information is disclosed in terms of the RBI circular (Ref. No. RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 dated March 13, 2020)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	(5)=(3)-(4)	6	(7)=(4)-(6)
Performing Assets						
Standard	-	-	-	-	-	-
Non-Performing Assets (NPA)						
Substandard	Stage 3	7.83	7.83	-	0.78	7.05
Doubtful - up to 1 year						
1 to 3 years	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-
Loss	Stage 3	6.40	6.40	-	6.40	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 3	69.37 *	22.63	-	-	22.63
Total		14.23	36.87	-	7.19	29.68

* Asset is not recognised in books of accounts. The Company has applied Credit conversion factor (CCF) of 50% and probability of default (PD) of 65% on contingent liability of Rs. 69.37 crore as disclosed in note 31.

41. ADDITIONAL DISCLOSURES

(a) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head expenditure in the Statement of Profit and Loss:

(Rs. in crore)

	As at March 31, 2020	As at March 31, 2019
Impairment on financial instruments	8.33	8.95
Impairment on investment in subsidiaries	-	12.98
Impairment on investment in associates	35.62	-
Impairment on Plant, Property and Equipment	8.14	-
Total	52.09	21.93

(b) Disclosure of complaints

The following table sets forth, the movement and the outstanding number of complaints:

	For the year ended March 31, 2020	For the year ended March 31, 2019
Shareholders' complaints:		
No. of complaints pending at the beginning of the year	17	Nil
No. of complaints received during the year	561	428
No. of complaints disposed off during the year	578	411
No. of complaints remaining unresolved at the end of the year	Nil	17

The above information is certified by management and relied upon by the auditors.

42. Ratings assigned by credit rating agencies and migration of ratings during the year

	As at March 31, 2020	As at March 31, 2019
(i) Rating Assigned	-	A1+
(ii) Date of Rating	-	Short Term - 24-12-2018
(iii) Rating Valid upto	-	24-12-2019
(iv) Name of the Rating Agency	-	ICRA Limited

The said rating was withdrawn on January 27, 2020.

43. Considering the nature of the business of the entity and transactions entered during the year ended March 31, 2020 and March 31, 2019 following disclosures required as per NBFC circular DNBR (PD) CC.No.008/03.10.119/2016-17 are not applicable to the Company and hence are not disclosed:

(i) Disclosures regarding Derivatives.

(ii) Disclosures relating to Securitization.

(iii) Exposure to Real Estate Sector.

(iv) Details of financing of parent company products.

(v) Detail of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC.

(vi) Unsecured Advances.

(vii) Concentration of Deposits, Advances, Exposures and NPAs.

(viii) Sector-wise NPAs.

(ix) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad).

(x) Off-balance sheet SPVs sponsored.

44. IMPACT OF COVID

The novel coronavirus (COVID-19) pandemic continues to spread rapidly across the globe including India. The outbreak was identified in China and on March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. COVID-19 has taken its toll on not just human life, but business and financial markets too, the extent of which is currently indeterminable. Various governments have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 19 days across the country to contain the spread of the virus.

The Company is an investing company for the group. The Company has its investments in subsidiaries and associates of the group. The Company has made a detailed assessment of its liquidity position for the next one year which factors uncertainties due to the current situation resulting in possible reduction in future income, diminution in the value of investee companies of the funds in which the Company has invested in. This situation is likely to continue for the next two quarters based on current assessment.

The Company has further assessed the recoverability and carrying value of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables and Investments as at balance sheet date, and has concluded that there are no material adjustments required in the standalone financial Statements, other than those already considered. The Management has performed detailed analysis of the fair value of its unquoted and illiquid investments and provisions for impairment have been considered in the standalone financial statements.

Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the Standalone financial statements. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The company will continue to monitor any material changes to future economic conditions.

45. CHANGES IN ACCOUNTING POLICY

Impact on the financial statements - lease accounting

The Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparative for the year ended March 31, 2019, as permitted under the specific transition provisions in the standard. Since the impact of the same is immaterial, the Company has not given any numerical impact . The new accounting policies are disclosed in note 1B of significant accounting policies.

46. The figures of Rs. 50,000 or less have been denoted by ß.

For Price Waterhouse & Co Chartered Accountants LLP
(Firm Registration Number : 304026E/E-300009)

Russell I. Parera
Partner
Membership Number : 42190

Mumbai, June 25, 2020

For and on behalf of the Board of Directors of
IDFC Limited
CIN: L65191TN1997PLC037415

Vinod Rai
Non-Executive Chairman
(DIN: 00041867)
New Delhi, June 25, 2020

Sunil Kakar
Managing Director & CEO
(DIN: 03055561)
Mumbai, June 25, 2020

Mahendra N. Shah
Company Secretary
(PAN: ABRPS7427F)
Mumbai, June 25, 2020

Bipin Gemani
Chief Financial Officer
(PAN: AACPG6412A)
Mumbai, June 25, 2020